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United Kingdom

Annual Wine Marketing Report

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Report Highlights:

The UK is the largest export market for U.S. wine, having achieved rapid growth in the three years 1995-1997. UK imports of U.S. still wine increased by 25 percent from 273,000 HL in 1996 to 340,000 HL in 1997. The forecast for 1998 shows UK imports of U.S. still wine increasing by around 40 percent.

In recent years "New World" wines from Australia, the U.S., the recently emerged sources of Chile and South Africa and the emerging Argentina, having been gaining market share at the expense of the "Old World" wines from France, Germany, Italy, Spain etc. To date, U.S. wines have had most success in the UK multiple specialist sector, however, there is room for extensive growth with the multiple supermarket chains and the restaurant sector. Trade sources report that red wine is growing much quicker than white. It is estimated that, if current trends continue, British consumers will drink more red wine than white in 2 years time.

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General Summary

UK imports of U.S. still wine increased by 25 percent from 273,000 HL in 1996 to 340,000 HL in 1997. The forecast for 1998 shows UK imports of U.S. still wine increasing by around 40 percent. Total third country imports increased by 7 percent over 1996 figures to reach 2,434,000 HL in 1997.

Contrary to recent trends, imports from the EU increased by around 10 percent to 5,552,000 HL in 1997. This is predominantly due to a French resurgence. Figures for UK imports of still wine from France for 1997 are up by 27% over 1996. However, they are forecast to decrease by around 10 percent in 1998.

As has been the trend in recent years, the UK market for sparkling wine showed little growth in 1997. It grew just 2 percent from 397,000HL in 1996 to 405,000HL in 1997. The UK import figures from the U.S. for 1997 showed no growth and this is expected to continue through into the forecast for 1998.

The market for vermouth and other flavored or aromatised wines is in decline, as is illustrated by the fact that total imports for 1996 were 401,000 HL and are forecast to fall to 280, 000 HL in 1998. The U.S. did not tally in the UK import figures as a major source for vermouth and other flavored or aromatised wines.

Production

Wine production is difficult in the UK on account of the climate. Historically, it has been a cottage industry for wine enthusiasts and gentleman farmers. Today, there are around 400 vineyards in England and Wales covering about 1,000 hectares. In 1996, production reached 26,573 hectoliters - a record for UK wine production to date. Whilst production is predominately white wine, sparkling, dessert and red wines are now also being produced.

The UK also produces a small quantity of “made wine”, which is made from imported concentrated grape must, mainly from Cyprus.

While there is this small production in the UK, it is currently not, and unlikely to be in the future, in sufficient quantity to impact on the market figures. UK production figures are therefore not represented in the following analyses.

Consumption

As UK production is minimal, consumption figures are equated to imports less exports.

UK Market Size

	1996		1997		Projected 1998	
	HL '000	BPS '000	HL '000	BPS '000	HL '000	BPS '000
Still Wine	7062	1,127,620	7633	1,233,214	7756	1,246,200
Sparkling Wine	384	202,533	372	214,142	385	204,800
Vermouth	390	22,588	295	22,333	268	23,640
TOTAL WINE	7836	1,352,741	8300	1,469,689	8409	1,474,640

Source: Imports less Exports as taken from the UK Overseas Trade Statistics.

In general, wine consumption has been growing at the expense of beer and spirits. It is also worth noting that this is against a background of total alcoholic beverage consumption falling in the UK. This said, as can be seen in the table below, beer and spirits consumption rose again in 1997.

UK Per Capita Consumption of Alcoholic Beverages

Year	Beer (L)	Cider/Perry (L)	Made Wine (L)	Wine of Fresh Grapes (L)	Spirits (LPA)
1985	139.0	6.94	1.18	12.34	2.13
1987	138.6	6.99	1.22	13.59	2.12
1990	139.8	7.86	1.51	14.23	2.10
1992	130.3	9.40	1.86	14.53	1.84
1995	125.2	11.80	3.00	15.28	1.67
1997	128.3	11.58	3.43	17.54	1.77

L = Liters; LPA = Liters of Pure Alcohol
- Based on population aged 15 years and over
- Made wine is produced from imported grape must which is blended and bottled in the UK

Source: The Drink Pocket Book, 1999

Relative UK Market Share by Wine Type

	Market Shares, percent			
Wine Type	1994	1995	1996	1997
Wines of Fresh Grape	**87.9**	**83.6**	**77.0**	**83.6**
Still Light Wine <15% ABV	70.1	67.7	63.4	71.2
Sparkling Wines:	9.9	8.4	7.1	6.6
- Champagne	1.6	1.5	1.4	1.6
- Other Sparkling	1.9	2.1	2.2	2.3
- Semi-sparkling	6.3	4.7	3.5	2.8
Fortified Wines	4.5	4.3	3.8	3.4
Vermouth/Aromatised	3.4	3.1	2.8	2.4
Made Wine	**12.1**	**16.4**	**23.0**	**16.4**
Still Light Wine <15% ABV	5.5	5.8	4.9	4.6
Reduced Alcohol >1.2% <5.5% ABV	6.5	10.5	17.8	11.5
Sparkling Wine	-	-	-	-
Fortified Wine	0.1	0.2	0.2	0.2
TOTAL MARKET	**100.0**	**100.0**	**100.0**	**100.0**

Source: HM Customs & Excise;WSA/ACNielsen; The Drinks Pocket Book, 1999

The table below shows consumption according to age, gender and social group. Heavy users of table wine are of the 35-49 years of age category and classified within the AB socio-economic group.

Percentage of People Drinking Wine Weekly by Age Group 1997

Age Group	%
18-24	23
25-34	32
35-49	36
50+	28

Percentage of People Drinking Wine Weekly by Social Grade 1997

Group	%
AB	50
C1	36
C2	24
DE	15

Social Grade Definitions:

AB	Upper Middle/Middle Class i.e. higher/intermediate managerial professional
C1	Lower Middle Class i.e. junior managerial professional
C2	Skilled Working Class i.e. skilled manual worker
DE	Working Class i.e. unskilled manual worker

Profile of Wine Drinkers: by Wine Color 1997

Wine Color		White %	Red %	Rose %
SEX	Men	36	50	33
	Women	64	50	67
AGE GROUP	18-24	8	5	7
	25-34	21	23	16
	35-49	32	28	27
	50+	39	44	50
SOCIAL GRADE	AB	35	49	43
	C1	32	32	32
	C2	17	12	14
	DE	15	7	12

Base = 7 Day Drinkers
Source: The Drink Pocket Book, 1999

White wines have historically been the most popular in the UK, particularly with women. As white wine is generally lighter and cheaper, it is “entry level” wine favored by new consumers entering the market, while red wine tends to be more of an acquired taste and associated with an older age group. However, given the maturity of the UK market and its increasingly discerning consumer, trade sources report that red wine is growing much quicker than white. It is estimated that, if current trends continue, British consumers will drink more red wine than white in 2 years time. The health message that red wine in moderation reduces the chances of having a heart attack is also having a positive impact on red wine sales.

Wine is consumed either in on-license premises i.e. pubs, clubs, restaurants and hotels or is bought from an off-license and consumed at home. Cross-Channel shopping trips to France have helped UK wine consumption increase 40 percent in the last five years. Day trips to hypermarkets in Calais and Boulogne accounted for 17 percent of all off-trade UK wine sales in 1996, up from 5 percent five years earlier. (Source: Datamonitor) With the end of Duty Free Shopping within the EU from the beginning of July 1999, UK domestic wine sales may see an increase as a result. See Distribution section for more information on wine outlets.

According to a report from ACNielsen, 80 percent of the on-trade is dominated by the traditional suppliers of wine to the UK - France, Germany and Italy. But, the on-trade is now following the recent trend in the off-trade towards the “New World”. Chile (+100 percent), USA (+64 percent), S. Africa (+48 percent) and Australia (+41 percent) are the fastest growers. (Figures given in brackets represent percentage change in volume of on-trade wine from June 1996 to June 1997)

The U.S. is growing particularly well in the independent off-trade stores, it showed volume growth of 36 percent from June 1996 to June 1997. This is second only to Chile which showed volume growth of 46 percent in the same time period. An important difference is that the volume growth for the U.S., although smaller than Chile, translated into a 47 percent increase in value, while Chile only managed 44 percent value growth. This illustrates the reality that price plays a major part in the UK consumer’s buying pattern.

The Top 5 Wine Brands, 1997 for Still Light Wines

		Off-Trade	On-Trade
	1	Gallo	Stowells Wine Box
	2	Hardy’s	Fleur de Lys
	3	Jacob’s Creek	Auberge
	4	Stowells Wine Box	Lutomer Laski
	5	Le Piat D’or	Toujours
Combined Market Share:		7.0%	11.5%

Top 20 Still Light Wines in Off-Licences (Great Britain): Ranking By Type

Rank	Wine Type	Market Share	Rank	Wine Type	Market Share
1	Vin de Pays	10.5	11	Chilean Red	2.2
2	Liebfraumilch	6.2	12	Bordeaux Rouge	2.2
3	Australian White	5.4	13	South African Red	2.0
4	Bulgarian Red	4.0	14	Lambrusco	1.8
5	Tafelwein Hock	4.0	15	Chilean White	1.7
6	Australian Red	3.9	16	Soave	1.7
7	Vin de Table	3.9	17	Hungarian White	1.6
8	South African White	3.7	18	Rioja	1.6
9	Vino de Tavola	2.5	19	U.S.A. White	1.6
10	Vino de Mesa	2.5	20	U.S.A. Red	1.5

Figures are for year to November/December 1997/Ranking is by volume
Source: ACNielsen; The Drinks Pocket Book, 1999

International Trade

In recent years, UK imports of still wine from non-EU countries have increased at the expense of EU product. This boom period for third country imports saw a slowing down in 1997. Total third country imports for 1997 increased by just 7 percent over 1996 to reach 2,434,000HL. This is of note given that 1996 over 1995 figures showed an increase of 35 percent. Similarly, UK imports of U.S. still wine have slowed in growth, but are still holding their own with a 25 percent increase showing for 1997. The Market Access Program and U.S. exporter assistance have been instrumental in sustaining this growth.

UK imports of still wine from Chile and South Africa, having shown substantial increases in recent years, also slowed in growth, according to 1997 figures. Chile mirrored the U.S. with a 25 percent increase, while South Africa increased by just 9 percent in 1997. Australia - a contributory force in the UK market for some time, also increased by 9 percent over 1996 and had nine percent of the market in 1997.

In keeping with recent trends, the UK market for sparkling wine showed little growth in 1997. It grew just 2 percent from 397,000HL in 1996 to 405,000HL in 1997. The UK import figures from the U.S. for 1997 showed no growth and this is expected to continue through into the forecast for 1998.

The market for vermouth and other flavored or aromatised wines is decline, as is illustrated by the fact that total imports for 1996 were 401,000 HL and are forecast to fall to just 280, 000 HL in 1998. The U.S. did not tally in the UK import figures as a major source for vermouth and other flavored or aromatised wines.

Despite the duty placed on wine from third countries, a retail price can still be attained that is competitive with wine from the EU. To ensure ease in entering the UK market, it is important that the regulatory requirements are adhered to. Market access may otherwise be denied or shipments held in storage until the requirements have been satisfied.

UK Imports

	1996		1997		Projected 1998	
Still Wine	HL' 000	BPS '000	HL '000	BPS '000	HL '000	BPS '000
From EU:						
France	2214	420,585	2817	466,774	2500	510,000
Germany	871	113,496	789	106,120	820	110,000
Italy	949	151,880	938	166,778	1000	178,000
Portugal	177	45,544	177	58,530	170	56,000
Spain	751	110,920	779	130,835	850	143,000
Other	65	8,978	52	13,385	80	21,000
Total EU	5027	851,403	5552	942,422	5420	922,000
From Third Countries:						
Hungary	102	10,516	100	11,597	110	13,800
Romania	85	5,977	49	3,417	30	2,000
Bulgaria	291	22,662	272	21,606	210	17,000
USA	273	58,189	340	68,934	480	94,000
Chile	244	33,616	305	46,714	340	52,000
Argentina	47	5,626	77	9,880	130	17,000
S. Africa	338	40,547	369	47,161	410	52,000
Australia	676	126,662	763	150,220	850	167,000
New Zealand	71	18,989	69	20,439	75	22,000
Other	148	23,988	90	29,098	100	32,000
Total Third Countries	2275	346,772	2434	409,066	2735	465,000
Total Still Wine	7302	1,198,174	7986	1,351,488	8125	1,387,000

UK Imports Continued

	1996		1997		Projected 1998	
Sparkling Wine	HL ‘000	BPS ‘000	HL ‘000	BPS ‘ 000	HL ‘000	BPS ‘000
From EU:						
France	198	162,827	196	167,769	230	160,000
Italy	52	12,746	56	15,148	50	12,000
Spain	59	13,015	71	15,646	60	15,800
Other	20	2,634	21	5,377	5	4,300
Total EU	329	19,1222	344	203,940	345	192,100
From Third Countries:						
USA	13	5,958	12	5,683	12	7,800
Australia	38	8,980	34	8,059	30	6,800
New Zealand	12	3,238	10	3,305	10	2,900
Other	5	1,371	5	1,713	3	1,200
Total Third Countries	68	19,547	61	18,760	55	18,700
Total Sparkling Wine	397	210,769	405	222,700	400	210,800

UK Imports Continued

Vermouth & Other Wines Flavored With Plants or Aromatic Substances

	1996		1997		Projected 1998	
Vermouth etc.	HL ‘000	BPS ‘000	HL ‘000	BPS ‘ 000	HL ‘000	BPS ‘000

From EU:

France	49	5705	57	5,785	40	7,300
Netherlands	24	2163	21	1,783	25	2,000
Germany	9	1875	13	1,839	5	700
Italy	211	18861	165	16,270	145	15,100
Spain	106	5693	37	1,876	60	2,800
Other	1	209	3	932	5	1,500
Total EU	400	34506	296	28,485	280	29,400

From Third Countries:

USA	-	-	-	-	-	-
Other	1	48	0.2	32	0.4	40
Total Third Countries	1	48	0.2	32	0.4	40

Total Vermouth Etc.	401	34,554	296	28,517	280	29,440

UK Exports

	1996		1997		Projected 1998	
Still Wine	HL '000	BPS '000	HL '000	BPS ' 000	HL '000	BPS '000
To EU:	210	35,614	305	50,805	310	39,200

To Third Countries:

USA	4	12,578	9	15,342	7	24,000
Japan	1	3,399	2	5,095	2	6,000
Hong Kong	4	4,628	5	16,770	10	21,600
Other	21	14,335	32	40,658	40	50,000
Total Third Countries	30	34,940	48	67,469	59	101,600
Total Still Wine	240	70554	353	118,274	369	140,800

Sparkling Wine

To EU:	10	4,554	23	5,879	10	1,000

To Third Countries:

USA	1	1,426	2	2,191	2	2,500
Other	2	2,256	3	2,088	3	2,500
Total Third Countries	3	3,682	5	4,279	5	5,000
Total Sparkling Wine	13	8,236	33	8,558	15	6,000

Vermouth Etc,

To EU:	9	11,613	7	5,588	7	5,000
To Third Countries:	2	353	4	596	5	800
Total Vermouth Etc.	11	11,966	11	6,184	12	5,800

Source: Overseas Trade Statistics of the United Kingdom
Import Values are based on CIF, landed UK port
Export Values are based on FOB

Projected figures are based on half-yearly estimates from the UK Overseas Trade Statistics.

Exchange Rates:

December 1996 - BPS 1 = USD 1.69
December 1997 - BPS 1 = USD 1.62
December 1998 - BPS 1 = USD 1.65

Opportunities for U.S. Wines

The UK wine consumer is becoming increasingly discerning and expects quality at a very reasonable price. It is in the lower price range that the U.S. has difficulty in competing. In order to move volume of product through the UK mainstream multiple supermarkets and specialists, the U.S. would need to supply a good quality wine within the BPS 3.49 - 4.99 price range. To put this into perspective: the average consumer expenditure in 1997 on a 75cl bottle in the multiple supermarket - J. Sainsbury was BPS 3.47; in the specialist off-license chain Oddbins it was BPS 4.19.

As can be seen from the table below, there are still plenty of growth opportunities for the U.S. in all sectors of the UK Market.

U.S. Volume Share and Growth Rate by Market Segment - June 1996 - June 1997

	Volume Market Share	Percentage Growth Rate
On-trade	1.7	64
Multiple Supermarkets	2.5	7
Multiple Specialists	5.8	11
Independant retailers	4.1	36
Cooperative groups	4.0	41

Source: ACNielsen

UK Consumers are becoming increasingly knowledgeable about grape varieties. Consumers who have bought the well established grape varieties of, for example, Cabernet, Sauvignon and Merlot are looking for new tastes, and are prepared to try new varieties and different “parcels” of varieties. Zinfandel is still relatively unknown to the UK mass market and could present an opportunity for promotion.

Competition

Traditionally, the UK has favored the wines of its European neighbours, but in the last decade this has been eroded by a surge of good quality styles from the rest of the world.

While all the excitement has been created by the “New World” newcomers, the market continues to be dominated by French wines. Still French wine has a substantial share of the UK import market - 35 percent in 1997. France spends millions of dollars on above and below the line advertising, including television advertising. France promotions feature a strong regional bias, such as Alsace, Loire and Rhone. Trade sources attribute the French resurgence shown in the UK import volume figures for 1997 to the promotion of relatively inexpensiveVin de Pays.

Italy has taken over from Germany as the second largest supplier of still wine to the UK market. Italy had 12 percent of the UK market in 1997, while Germany and Spain both had around 10 percent.

Third country imports are rising steadily. Australia is pushing hard on the heels of Germany and Spain supplying a total of 763,000 HL in 1997 (Germany 789, 000 HL; Spain 779,000 HL) and may well take over as fourth or perhaps even third largest supplier to the UK in 1998. The Australian Wine Guild, which is largely funded by industry, is very active in the UK.

The greatest competition to U.S. wines currently comes from Chile as it is becoming renowned for quality wine at a reasonable cost. Chile continues to carry out in-store promotions with UK multiples. Promotions usually feature wines on offer at BPS 2.99/3.49 which were normally BPS 3.99. Their wines are now also selling at BPS 4.49 which means that they are moving into the U.S. price bracket. As Chile have illustrated, in-store promotions currently offer the best increase in volume sales per promotional pound/dollar.

Chile and South Africa have a competitive advantage over the U.S. in that their land and labor is relatively cheap. South Africa, after steadily growing its share of the market from only 1 percent of the market in 1992 to 5 percent in 1996, is now starting to plateau. According to trade sources, it is thought that the “honeymoon period” after the change of political climate in South Africa could be coming to an end. South Africa is promoted using both government and winery money.

One feature of U.S. wines, which can be a constraint in the UK market, is that they are designed for the U.S. domestic market. Countries such as Australia, Chile, South Africa and Argentina now tailor their wines to fit modern British tastes - their wine representatives act as very efficient bridges between their producers and the UK trade so that they specifically produce wines for the UK. This means that they are flexible enough to target the sugar level, grape variety, label and even give it a brand name that meets the UK buyer’s approval.

Argentina has recently set up an office in the UK with one full time public relations person. Argentina are thought to be a new force to be reckoned with in the market. They appear capable of supplying good quality wines at the major price points of BPS 3.29, 3.49 and 3.99. UK imports of still wine from Argentina shot up 64 percent in 1997 over 1996 figures, to reach 77,000 HL. This is forecast to almost double in 1998.

Distribution

At retail level, wine is sold either through “on-license” or “off-license” premises. In order for an outlet to sell alcohol it is necessary for the retailer to obtain a retailer license, of which there are two types - retail “ON” and retail “OFF”. An On-License authorizes an outlet to sell alcoholic beverages for consumption on the premises, whereas an Off-License authorizes an outlet to sell alcoholic beverages for consumption away from the premises.

Over 70% of wine is sold through the off-license trade. Off-license outlets include specialized wine/alcoholic beverage stores and general grocery stores, including the major multiples. As is illustrated in the table below, the distribution of off-license sales can be divided up roughly into one quarter specialist wine/alcoholic beverage shops and three quarters grocery chains i.e. supermarket outlets. On the whole, the supermarkets are price-driven - seeking to reach the all-important price points of BPS 3.49, 3.99 etc. while the specialist wine chains seek points of difference across a wider price range.

Large volume orders for UK multiple supermarkets and multiple specialists are placed with UK agents and distributors, who in turn order from the required country source on the multiple’s behalf. It is not usual for the UK agent to hold the goods upon entry to the UK, but, rather ensure that they reach the designated distribution depot of the multiple. There are around 100 UK agencies, of various sizes, known to the Office of Agricultural Affairs, American Embassy, London.

Larger wineries may have their own UK office, which again does not hold stock, but rather fills orders for the UK multiples. This gives the wine company increased control so as to ensure a quality and consistent service to the multiple.

Still Light Wines in Off-Licences by Outlet, 1997

OUTLET	BPS ‘000	%
Grocers	1,577,308	75.4
Co-ops	97,075	4.6
Multiples	1,336,018	63.9
Independents	144,215	6.9
Specialists	514,093	24.6
Multiples	412,779	19.7
Independents	101,314	4.9
TOTAL	**2,091,401**	**100.0**

The on-licence trade is serviced through UK wholesalers, who may source product from UK agents or from wine producers themselves. Some of the larger restaurant chains source directly from the producer.

Still Light Wines in Great Britain On-Licenses by Outlet, 1997

OUTLET	‘000 BOTTLES	‘000 HL	%
Multiples	30,906	232	25.5
Independents	90,307	677	74.5
Pubs	20,380	153	16.8
Clubs	15,140	114	12.5
Restricted	31,055	233	25.6
Hotels	15,258	114	12.6
Other Bars	8,473	64	7.0
TOTAL	**121,214**	**909**	**100.0**

Note: Restricted means “Member Only” establishments

Source: AC Nielsen/The Drinks Pocket Book, 1999

Market Access

Wines consigned to the European Union from third countries must be accompanied by a document known as a VI FORM which confirms the size and nature of the wine consignment. The provisions dealing with VI documentation may be found in Commission Regulation (EC) 3590/85 (OJ L343) as amended. For subsequent travel through or within EU countries a Commercial Document or a Commercial Accompanying Document is also required.

In addition to a transit document, a T-form will be issued when the wine enters the European Union and this will establish entitlement to EU rates of duty.

Tariff duties are applicable to all third country wine imports. The tariff rate applicable is dependant on the strength band of the wine (i.e. not exceeding 13% volume, exceeding 13% but not exceeding 15% volume, etc.), the size of the container, and the type of wine (i.e. wine of fresh grapes or wine flavored with aromatic extracts). It should be noted that sparkling wine (i.e. a wine having 1.5 bar or more over pressure inside the container or any wine packaged in a bottle fitted with a “mushroom” stopper held in place with metal ties or fastenings is taxed more heavily than still wine.

Tariff quotas, which offer a reduced rate of duty, exist for a range of specific wine varieties from the following countries - Algeria, Bulgaria, Cyprus, Czech Republic, Hungary, Israel, Morocco, Romania, Tunisia and the Former Yugoslavia States.

A CAP Import License is required if a consignment of wine exceeds 3,000 liters. This license can be obtained by the UK importer from:

Intervention Board for Agricultural Produce (IBAP)
Lancaster House
Hampshire Court
Newcastle upon Tyne
NE4 7YE
Tel: (+44) 191 226 5080/5207
Fax: (+44) 191 226 5212

Market access may be denied by Customs & Excise if documentation forms are incomplete. If the labelling is incorrect then the wine will be allowed into bond but will not be released until the labels have been corrected. In either case storage charges are large so it is vital that the correct documentation/labels are provided.

Regulatory Requirements

For the labeling of still wines and grape must (including restrictions on the use of the word "wine") the following EEC Regulations apply:

a) 2392/89 (OJ No. L232) - as amended by 3886/89 (OJ No. L378), 2356/91 (OJ No. L216), 3897/91 (OJ No. L368) and by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and the Republic of Finland (OJ No. C241) and 1427/96 (OJ No. L184 including corrigendum OJ No. L233).

b) 3201/90 (OJ No. L309) - as amended by corrigendum (OJ No. L28, 2 February 1991) 2384/91 (OJ No. L219), 3298/91 (OJ No. L312), 153/92 (OJ No. L17), 3650/92 (OJ No. L369), 1847/93 (OJ No. L164) (OJ No. L168), 1362/94 (OJ No. L150 including corrigendum OJ No. L268), and 2603/95 (OJ No. L267), 692/96 (OJ No. L97), 1056/96 (OJ No. L140), 609/97 (OJ No. L93) and 1472/97 (OJ No. L200) and 2543/97 (OJ No. L347) apply and should be consulted.

For the labeling of sparkling wines and aerated sparkling wines the following EEC regulations apply:

a) 2333/92 (OJ No. L231) as amended by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and Republic of Finland (OJ No. C241) and 1429/96 (OJ No. L184) and 1419/97 (OJ No. L196)

b) 554/95 (OJ No. L56) as amended by 1915/96 (OJ No. L252) apply and should be consulted.

For the labeling of liqueur wines, semi-sparkling wines and aerated semi-sparkling wines the following EEC regulations apply:

a) 3895/91 (OJ No. L368)

b) 3901/91 (OJ No. L368)

For the labeling of aromatised wines, aromatised wine-based drinks and aromatised wine-product cocktails the following EEC Regulations apply:

a) 1601/91 (OJ No. L149) as amended by 3279/92 (OJ No. L327) and by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and the Republic of Finland (OJ No. C241) and 3378/94 (OJ No. L366) and 2061/96 (OJ No. L277) apply and should be consulted.

The Common Agricultural Policy (wine) Regulations, 1996, SI 1996/696 - the “principal Regulations” as amended by the Common Agricultural Policy (Wine) (Amendment) Regulations, 1997, SI 1997/542. These amending Regulations, which apply throughout the UK came into force on April 1, 1997. Together with the 1996 Regulations they provide for the enforcement of EC Regulations in the UK, concerned with the production and marketing of wine and related products.

The above regulations are published in Official Journals (OJ) of the European Communities. These are priced publications from:

The Stationery Office, The Publications Centre, PO Bos 276, London SW8 5DT
General enquiries: (+44) 171 873 0011
Telephone orders: (+44) 171 873 9090
Fax orders: (+44) 171 873 8200

There follows an overview of mandatory requirements required for the labeling of third country wines imported into the UK.

For third country wines with no geographical description the mandatory requirements are:

S The word “WINE” } or a combination of these terms
} using “COUNTRY” (as an
S COUNTRY OF ORIGIN } adjective) “WINE”

S NAME AND HEAD OFFICE ADDRESS OF THE RESPONSIBLE PACKER

S LOT MARK

S NOMINAL VOLUME

S NAME AND HEAD OFFICE ADDRESS (INCLUDING MEMBER STATE) OF THE IMPORTER (If the wine is imported already prepackaged)

S ACTUAL ALCOHOLIC STRENGTH

For third country wines described by geographical origin the mandatory requirements are:

- COUNTRY OF ORIGIN

- GEOGRAPHICAL UNIT

- NAME AND HEAD OFFICE ADDRESS OF THE RESPONSIBLE PACKER

- LOT MARK

- NOMINAL VOLUME
- NAME AND HEAD OFFICE ADDRESS (INCLUDING MEMBER STATE) OF THE IMPORTER (If the wine is imported already prepackaged)

- ACTUAL ALCOHOLIC STRENGTH

NOTE: The following descriptions must NOT appear anywhere:

1. "Contains sulphates"
2. "Table Wine" - this term is not allowed on any wines coming in from outside the EU
3. "Surgeon General's Warning" - this is not a recognized authority in the EU

Further explanation of some terms given above:

Lot Marketing

The Food (Lot Marking) Regulations 1996, set out the lot marking requirements to be applied to all foodstuffs sold for human consumption (unless specifically exempted) including wines and spirits. These Regulations implement Council Directive 89/396/EEC (OJ No. L186) on indications and marks identifying the lot to which a foodstuff belongs, as amended by Council Directives 91/238/EEC (OJ No. L107) and 92/11/EEC (OJ No. L65).

In summary, this means that the producer and packer must apply to each unit making up a homogenous group - referred to as a "lot" - a mark identifying the lots from which that unit came. The lot mark may appear anywhere upon the package including the seal, however, it CANNOT appear on the cork. It must be indelible, clearly visible and (although the characters used may be of any size) intelligible to anyone. The mark can be of any length and can comprise of alpha and/or numeric characters. To avoid the forced opening of cases, outer cases should also carry the lot marks of their contents.

Nominal Volume

The nominal volume must be stated on the label and the minimum height of characters used is:

2mm - for containers holding 20cl or less
3mm - for containers holding 21cl - 1 liter
5mm - for containers holding more than 1 liter

The permitted packaging sizes for wine in the EU are:

Product Type	Sizes Permitted
Still wine not exceeding 15% vol	10cl, 25cl, 37.5cl, 50cl, 75cl, 1L, 1.5L, 2L, 3L, 5L, 6L, 9L, 10L
Still wine of over 15% vol	any size up to 10cl, 20 cl, 37.5cl, 50cl, 75cl, 1L, 3L, 5L
Sparkling and Aerated Sparkling Wines	12.5cl, 20cl, 37.5cl, 75cl, 1.5cl, 3L, 4.5L, 6L, 9L

Actual Alcoholic Strength

Alcoholic strength is expressed using the OIML (Organization International Metrologique Legale) notation representing the number of parts of alcohol in relation to parts of water in a given quantity measure at the reference temperature of 20 degrees Centigrade.

The strength so determined must be declared on every label either as “x% vol” or “Alcohol x% vol” to the nearest half percent volume i.e. 11% or 11.5% vol, NOT 11.2% vol. The minimum character height for this statement is the same as for nominal volume.

Further information on regulatory requirements can be obtained through:

Ministry of Agriculture, Fisheries and Food (MAFF)
Food and Drink Industry Division
Wines Branch - “C”, Room 201
Whitehall Place (East Block)
London WC1A 2HH
Tel: (+44) 171 270 8137/8929
Fax: (+44) 171 270 8733

Wine Standards Board of the Vintners’ Company
Five Kings House
1 Queen Street Place
London EC4R 1QS
Tel: (+44) 171 236 9512
Fax: (+44) 171 236 7908

Taxes

In addition to tariff (import) duty, U.S. wine is subject to excise duty and a Value Added Tax (VAT).

Excise duty is payable upon entry into the domestic market. This duty forms the largest tax burden put onto the price of wine. The UK rates of excise duty applied to wine are:

Date of enforcement	Not exceeding 15% Vol	15-18% Vol	18-22% Vol	Sparkling	>5.5%<8.5% Vol
01.01.98	144.65	192.86	192.86	206.66	201.50
01.01.99	149.28	199.03	199.03	213.27	* 161.20

* - Enforced from March 17, 1999

Source: HM Customs and Excise,
Portcullis House
27 Victoria Avenue
Southend on Sea
Essex SS2 6AL
Tel: +(44) 1702 367330/361979
Fax: +4(44) 1702 367253/361975

Value Added Tax (VAT) is applied ad valorem on the landed price (CIF) on arrival at the EU frontier plus all duties. The current rate of VAT is 17.5%.